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Banks urged to commit to economic package

Kamarul Yunus

BANKS must give their full commitment to the RM7.3 billion economic package unveiled on Wednesday to ensure the proposed measures work, Culture, Arts and Tourism Minister Datuk Paduka Abdul Kadir Sheikh Fadzir said.

He said thus far banks have not been very committed to help distressed tourism-related companies, despite pleas by the Government.

Many of these companies face problems to service their loans due to the impact of Severe Acute Respiratory Syndrome (SARS) and the Iraq war on their business.

"The Cabinet agreed that the tourism industry is hardest hit by SARS and war in Iraq, and appealed to banks to restructure loan payments to these SARS-affected companies," Abdul Kadir told newsmen after meeting a delegation from the Malay Chamber of Commerce Malaysia in Kuala Lumpur yesterday.

The delegation was led by its deputy president Datuk Syed Amin Aljefri.

Abdul Kadir said the ministry has set up a special unit for tourism-related companies that face problems with financial institutions, especially on their existing loans.

He said borrowers can use the unit as a last resort to seek help when all other efforts failed. It will advise and try to bridge communications between the borrowers and the banks.

"Hopefully, through the unit they will be able to forward their problems to the right person," he said.

On the economic package announced by Prime Minister Datuk Seri Dr Mahathir Mohamad on Wednesday, Abdul Kadir said the RM1 billion special relief guarantee facility will give a further boost to the tourism industry.

Under the measure, banking institutions will provide the financial relief to borrowers by restructuring or rescheduling of loans. He said two special funds for tourism-related firms, set up nine months ago, have so far received encouraging response.

The two funds are the RM400 million Special Tourism Fund for Bumiputera and RM500 million Tourism Infrastructure Fund.

Abdul Kadir said most of the operators who applied for loans under the Special Tourism Fund want to operate resorts in small areas, especially on islands.

"Normally under this fund, these Bumiputeras apply for loans of less than RM10 million," he said.

For the Tourism Infrastructure Fund, most of the applicants applied to

develop theme parks, cable car services and restaurants.

The maximum loans under the Special Tourism Fund and Tourism Infrastructure Fund are RM25 million and RM50 million, respectively.

Both

are managed by Bank Pembangunan dan Infrastruktur Malaysia Bhd.

Meanwhile, Syed Amin said 10 per cent of the Malay Chamber's 10,000 members are involved in the tourism-related industry. "Most of them are in the outbound travel business like arranging Umrah and pilgrimage," he said.